

**THE INFLUENCE OF INTERNAL
CUSTOMER SERVICE EXPERIENCE
IN PUBLIC UNIVERSITIES IN MALAYSIA**

MAZLINA BINTI MAMAT

UNIVERSITI SAINS MALAYSIA

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**THE INFLUENCE OF INTERNAL CUSTOMER SERVICE EXPERIENCE
IN PUBLIC UNIVERSITIES IN MALAYSIA**

by

MAZLINA BINTI MAMAT

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LIST OF ABBREVIATIONS

AAD	Academic Affairs Department
ADHD	Attention Defisit Hyperactivity Disorder
ISO	International Organization for Standardization
MOE	Ministry of Education
MOHE	Ministry of Higher Education
MQA	Malaysian Qualifications Agency
NGO	Non Governmental Organization
QA	Quality Assurance
TQM	Total Quality Management
WTO	World Trade Organization

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PENGARUH TERHADAP PENGALAMAN PERKHIDMATAN PELANGGAN DALAMAN DI UNIVERSITI AWAM DI MALAYSIA

ABSTRAK

Peningkatan persaingan di kalangan universiti awam di Malaysia menyebabkan semakin pentingnya untuk memahami kepentingan peranan pengalaman perkhidmatan pelanggan dalaman bagi persekitaran perkhidmatan institusi pengajian tinggi pada masa kini. Sebagai tiang utama dalam sesebuah universiti, Bahagian Hal Ehwal Pelajar (HEA) telah dipertanggungjawabkan unuk memenuhi keperluan dan permintaan pelanggan-pelanggannya, terutama di kalangan staf akademik. Dalam sesebuah organisasi perkhidmatan seperti universiti awam, pengalaman perkhidmatan pekerja (staf akademik) mempunyai perhubungan langsung dengan kepuasan pelajar dan prestasi universiti. Oleh itu, adalah sangat penting untuk memahami faktor-faktor yang mempengaruhi pengalaman perkhidmatan dalaman staf akademik di universiti awam di Malaysia. Dengan itu, fokus utama kajian ini adalah untuk memeriksa perhubungan faktor-faktor persekitaran perkhidmatan dan faktor-faktor situasi dalam mempengaruhi pengalaman perkhidmatan pelanggan di kalangan staf akademik di universiti awam di Malaysia. Kajian ini juga menilai pengaruh moderasi kekuatan diri terhadap perhubungan di antara pembolehubah bebas dengan pembolehubah bersandar. Model kajian menghipotesiskan bahawa faktor-faktor persekitaran perkhidmatan dan faktor-faktor situasi mempunyai kesan yang signifikan terhadap pengalaman perkhidmatan pengguna. Kajian ini menggunakan kaedah penyelidikan kuantitatif. Kaedah pengedaran borang soal-selidik digunakan dan untuk pengumpulan data, borang soal selidik secara pentadbiran sendiri dihasilkan untuk mengumpulkan data dari 454 staf akademik di universiti-universiti awam di Malaysia. Untuk teknik persampelan, persampelan

rawak berstrata berdasarkan nisbah telah digunakan dalam kajian ini. Analisis diskriptif, analisis faktor, analisis korelasi dan analisis hirarki regresi digunakan untuk menganalisis data yang telah diperolehi. Semua soalan dan objektif kajian telah dijawab dengan menjalankan analisis statistik inferens yang sesuai iaitu dengan kaedah regresi hirarki. Hasil kajian menunjukkan bahawa terdapat perhubungan yang signifikan di antara faktor-faktor persekitaran perkhidmatan (pertembungan interaksi personal) dan faktor-faktor situasi (penglibatan pelanggan, kebiasaan, persepsi orientasi pasaran, lokus kawalan dalaman dan lokus kawalan luaran) dengan pengalaman perkhidmatan pelanggan. Walau bagaimanapun, hasil kajian menunjukkan bahawa tiada perhubungan signifikan di antara pertembungan interaksi fizikal dengan pengalaman perkhidmatan pelanggan. Hasil kajian juga menunjukkan bahawa kekuatan diri hanya mempunyai peranan moderasi terhadap perhubungan di antara pertembungan interaksi fizikal dengan pengalaman perkhidmatan pelanggan. Walaubagaimanapun, hasil kajian tidak menyokong peranan moderasi kekuatan diri terhadap perhubungan di antara pembolehubah bebas yang lain dengan pengalaman perkhidmatan pelanggan. Secara keseluruhannya, intipati utama kajian menyokong kepentingan faktor-faktor persekitaran perkhidmatan dan faktor-faktor situasi dalam pengurusan pengalaman perkhidmatan pelanggan di kalangan staf akademik. Hasil kajian menawarkan beberapa implikasi teori dan praktik kepada pentadbir universiti awam Malaysia, terutamanya Bahagian HEA, pembuat polisi dan lain-lain pengamal dalam mereka bentuk strategi pengalaman perkhidmatan pelanggan yang berkesan. Perbincangan tentang keterbatasan kajian dan saranan untuk kajian pada masa hadapan turut disertakan.

THE INFLUENCE OF INTERNAL CUSTOMER SERVICE EXPERIENCE IN PUBLIC UNIVERSITIES IN MALAYSIA

ABSTRACT

Growing competition among Malaysian public universities makes it imperative to understand the important role of internal customer service experience in today's higher education service environment. As a pillar of the university, Academic Affairs Department (AAD) is entrusted to meet the needs and demands of its customers especially the academic staff of the university. In service organizations, like public universities, employee (academic staff) service experience directly correlates with student satisfaction and university performance. Therefore, it is crucial to understand the factors that influence academic staff's service experience. Hence, the primary focus of this study is to examine the relationship of service environment factors and situational factors in influencing customer service experience of academic staff in Malaysian public universities. The study also assesses the moderating influence of self-efficacy on the relationships between the independent variables and the dependent variable. The research model hypothesized that service environment factors and situational factors have significant impact on customer service experience. The study employed a quantitative research. The survey method was utilized and for data collection, a self-administered questionnaire was constructed to gather data from 454 Malaysian public universities' academic staff. For sampling technique, proportionate stratified random sampling was utilized in this study. Descriptive analysis, factor analysis, correlation analysis, and hierarchical regression analysis were used to analyze the data. All research questions and objectives were answered by performing appropriate inferential statistical analysis, hierarchical regression analysis. The findings revealed significant relationships between service environment

factor (personal interaction encounter) and situational factors (customer involvement, familiarity, perceived market orientation, internal and external locus of control) and customer service experience. However, it also showed that service environment factor (physical environment encounter) does not have a significant influence on customer service experience. The results also revealed that self-efficacy only moderates the relationship between physical environment factor and customer service experience. However, the results do not support the moderating effect of self-efficacy on the relationships between the other independent variables and the dependent variable. Overall, this study provided support for the importance of highlighting the service environment factors and the situational factors in managing academic staff's customer service experience. The results offer several theoretical and practical implications to Malaysian public universities' administrators, particularly the AAD and also to policy makers and other practitioners especially in designing effective customer service experience strategies. The limitations of the study and recommendations for future research were also addressed.

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter provides an overview of the research which includes a brief theoretical introduction to the background of the study, problem statement, research questions and objectives of the study. The significance and scope of the research are also presented in this section and the definitions of key terms used in the research are explained briefly. Finally, the organization of this research is dealt with at the end of this chapter.

1.2 Background of the Study

Customer service experience management has become among the hottest and the most pressing issues discussed and pursued in both private and public sectors. These issues have become extremely crucial for academicians and practitioners in understanding how to manage customer service experiences effectively specifically in public organizations. These organizations realize that customers have different levels of service experiences when dealing with companies and organizations. Therefore, a critical element in increasing the likelihood of success of the organization is by ensuring that customer service experiences at every contact point of the business are successfully managed (Spena, Carida, Colurcio, & Melia, 2012).

One of the important objectives of today's service environments is to create superior customer experiences (Bagdare & Jain, 2013). Many firms around the globe have embraced and incorporated the concept of customer service experience management into their mission statements. This stems from the undeniable fact that

today's customers are increasingly sophisticated and value conscious. They want service and value they can depend on and they refuse to spend a lot of time looking for it.

The quality service ingredient is no longer an advantage, like it used to be. It has now become a necessity for the survival of the fittest amongst fierce competition (Hajipour, Talari, & Shahin, 2011). It is clear that organizations who maintain a strong and consuming passion and zeal for customers will overcome any barrier encountered and will succeed in the marketplace. Thus, the pursuit of customer service experience in both private and public sector organizations is driven by the need to survive and remain competitive (Agus, Barker,& Kandampully, 2007).

As with most new marketing practices, private sector organizations have adopted the principles of customer service experience at a much faster rate than those in the public sector. This can be attributed to the inherent differences between the sectors in terms of their historical and environmental contexts. In particular, the primary objective of most public sector organizations is to provide social benefit within a limited budget and reduce costs. This is in direct contradiction to private sector organizations whose primary focus is on increasing profits (McDaniel, Lamb, & Hair, 2013). It is not surprising, therefore, that private sector organizations have higher productivity and profitability than public sector organizations (Agus et al., 2007). The slow uptake of customer service practices in public sector organizations is further exacerbated by difficulties in measuring outcomes, greater scrutiny from the public and press, a lack of freedom to act in an arbitrary fashion, and a requirement for decisions to be based on government rules and regulations. Irrespective of these difficulties, however, public sector organizations have come

under increasing pressure to deliver quality customer services, improve efficiencies and respond to government legislation (Casidy, 2014).

In any service organization like public universities, employee satisfaction directly correlates with customer satisfaction and university performance (Lusch, Vargo, & O'Brien, 2007). Neglecting employee needs and satisfaction never yield sustained high performance. In addition, to satisfy their employees, public universities need to have the right resources in the right places. In particular, service personnel which in this study is considered as the service environment factor who interact with customers and function as direct representatives of the company (Lovelock & Writz, 2014). These people should be carefully selected, highly trained, and well compensated. They need to be intelligent, resourceful, and enthusiastic about their division, products and services, and delighting customers (Chowdhury, 2014).

Another crucial element in the marketing of public universities is based on a relationship marketing approach, which is characterized as helping to develop and foster interactions between the organization and its customers (Hemsley-Brown & Oplatka, 2010). This approach is considered as situational factor in this study, emphasizes the importance of developing a customer- (i.e. academic staff) driven organisational culture, and focuses on the quality of the service (Rosenbaum & Messiah, 2011). This approach commences with a commitment to marketing orientation (MO), which is a set of beliefs that puts customers' interests first, in order to gain a competitive edge in the highly competitive global environment.

Customers (academic staff) in service industry nowadays have become more sophisticated and with greater demands (Zeithaml, Bitner, & Gremler, 2013). The importance in understanding customers' personal traits which, in this study, is

considered as a situational factor (level of involvement, familiarity, perceived market orientation and locus of control) and is vital in meeting their demands (Lovelock & Wirtz, 2014). Very few studies look into customer service experience among academic staff attributed by these four factors (Aghdaie & Honari, 2014; Asiedu-Appiah & Addai, 2014; Jaakkla & Alexander, 2014). However, following the above observations and by extension of these lines of reasoning, it can be argued that academic staff with greater involvement, familiarity, perceived market orientation and locus of control should have higher contextual performance which involves employees using their own initiatives and creativity to perform extra discretionary roles (Hemsley-Brown & Oplatka, 2010).

By looking at overall perspectives, the main purpose of this study is to investigate the influence of service environment factors and situational factors on customer service experience among academic staff at Academic Affairs Department (AAD) in Malaysian public universities.

To sum up, there is a real need for more research to be carried out to help in the understanding and development of customer service experiences as there is a gap in the existing volume of research. Recommendations can be made on how to enhance this marketing culture, especially to public universities in Malaysia.

1.3 The Malaysian Higher Education Sector

Understanding the Malaysian Higher Education sector is very important in order to distinguish the significance of the study. In the past one decade, there has been a tremendous growth of the Malaysian Higher Education industry and it is one of the major contributors to the Malaysian economy. From Africa to the Middle East and China, foreign student population in Malaysia is steadily growing from day to day.

The year 2010 is the end of the five-year Ninth Malaysia Plan whereby Malaysia has surpassed the half-way mark of seeing itself as a global education hub inhabited by 100,000 students from overseas. More than 55,000 foreign students from over 100 countries are currently pursuing their pre-tertiary and tertiary studies at various educational institutions in Malaysia.

The recognition of the importance of Malaysian higher institutions in assisting the country in producing the much needed professionals for the nation's human resource is crucial, especially where the students' total enrolment is expected to reach 2,267,800 by the year 2020 and the quest for 100,000 foreign students to be achieved by year 2015 (Economic Planning Unit, 2012). Malaysia's human capital development is recognized for its vital role in developing the country when the Malaysian government allocates the highest fund with a total amount of RM54.6b or 21 percent in Budget 2014 (The Star Online, 2013).

At the moment, there are 20 public universities, 22 polytechnics, 37 community colleges, 33 private universities, 4 foreign university branch campuses, about 500 private colleges, as well as other various higher institutions from the United Kingdom (UK), the United States of America (US), Australia, Canada, France, Germany and New Zealand, which offer higher education opportunities through twinning and franchised degree programs via partnerships with Malaysian colleges and universities (Inayatullah & Milojevic, 2014). Malaysia's National Higher Education Strategic Plan 2007-2020 charts the path for higher education excellence and the establishment of world class institutions (Ministry of Higher Education, 2010). With the formation of the Ministry of Higher Education (MOHE) on 27 March 2004, higher education in Malaysia was placed under its supervision. The MOHE's job involves supervising more than 900,000 students pursuing higher

education. Its mission is to create a higher education environment which will foster the development of academic and institutional excellence. This is in line with the vision of the Malaysian government to make Malaysia a hub for educational excellence and to internationalize Malaysian education.

According to Grapragasem, Krishan, and Mansor (2014), there has been an upsurge in the growth of Malaysia's higher education industry. This can be seen in several areas such as an increase in students' enrolment and in the number of higher education institutions. According to Knight (2011), government spending has risen drastically as additional government policies in promoting education and the country's continuous need for human resources are on going. Malaysia has become the choice of study destination that offers quality international education at an affordable cost. International students prefer to study in Malaysia because they recognize Malaysia as a means of developing their Asian network and relationships as well as to learn from Malaysia's great diversity, rapid economic development and cosmopolitan people living in peace and harmony.

Malaysian public universities may also need to respond to the ever changing customer demands and, today's customers are increasingly sophisticated and quality conscious. It has become a necessity for these public universities to focus on their unique differentiation in service delivery due to the fierce competition in the higher education industry (Casidy, 2014). Malaysia should offer distinctive value and vigorously promote higher education services since significant competition comes from other Asian countries such as Singapore, Hong Kong, Qatar, Bahrain and the United Arab Emirates (UAE) (Knight, 2011).

1.4 The Academic Affairs Department (AAD)

To make Malaysia a successful education hub, Malaysian public universities, as the backbone of the higher education industry, should be more responsible in developing the industry further in an effort to gain a larger share of the international market (Hemsley-Brown & Oplatka, 2006; Amatz & Idris, 2011). It is widely assumed that in the context of increasing competition, higher education institutions need to market themselves more explicitly. To achieve this objective, public universities have to start by providing excellent customer service experience to its stakeholders (Awang & Ahmed, 2010).

The success of a university is dependent on the efficiency of its functioning departments such as the Academic Affairs Department (AAD), Student Affairs Department, Research and Industry Linkages Department, Finance Department, Administrative and Human Resources Department and others. It is undeniable that the AAD is the most crucial department in mobilizing a university. This is because the AAD is accountable in fulfilling the mission and vision of the university (UiTM Academic Management Manual for Administrators, 2013). The AAD is being trusted to meet current needs and standards of professionalism in the world of academia. Being entrusted with a key role in the university, the AAD is also responsible in overseeing the management and development of the university. This is important in order for the university to be in line with the objectives of higher education established by the Ministry of Education (MOE).

Services provided by the AAD in various public universities or faculties in Malaysia have slight differences (Amatz & Idris, 2011). However, generally, the main responsibilities of the AAD include developing academic policies and system of the university, ensuring and monitoring quality standards and to meet the current

needs in the country as well as internationally. In addition, the department is also managing the processes, procedures and reviews of academic curriculum. The AAD also provides academic development planning for the university and is also responsible in establishing and exploring academic relationships with other local universities and leading universities abroad.

Since the AAD is entrusted to meet the needs of the mission and vision of the university, the department is required to perform these responsibilities under full commitment. As a pillar of the university, it is expected to deliver its services to various stakeholders whether the stakeholders outside of the university or the internal stakeholders. Among outside stakeholders dealing with this department are parents of the students, the public, government departments, private institutions, local governments, non-governmental organizations (NGOs) and others. The AAD also deals with internal parties such as students, lecturers, university administrators and other staff of the university. Even though the students are its main stakeholders, the academic staff is also an important group that is being served by the AAD (Alhawary & Aborumman, 2011).

Generally, academic staff goes to the AAD to acquire two types of services. The first type is related to the support services that facilitates teaching. These include the management of schedules, classroom arrangement, teaching and learning equipment in classrooms, lecture essentials (computer, files, stationery, etc.), report for lecturers, special leave applications, student activities, student status, activation of online accounts (scoring purposes) and others. The second type of services offered by the AAD is related to the management of examinations. These services include preparing examination schedules, managing examination scripts, reviewing student's

appeal for final examination remarking (lecturers' support is required) and other services.

By looking at the overall perspectives, this study is conducted to identify the factors that can affect customer service experience in a public sector organization and provide recommendations where improvements can be made. This study focuses on, in particular, the AAD in Malaysian public universities. The department was chosen because it is the centre point of a university and has to serve its key frontline employees which is the academic staff.

1.5 Research Problem

Management teams from Malaysian public universities may have to change their mindset, mainly in strategizing to create excellent customer service experience and be more market oriented with their academic staff and other stakeholders in order to meet intense competition globally. The level of competition in higher education keep on increasing and it demands aggressive actions from all institutions involved (Hemsley-Brown & Oplatka, 2006; Knight, 2011). For the purpose of this study, customer service experience refers to internal customer service experience among Malaysian public universities' academic staff that have experienced the services at the AAD.

Moreover, past studies have suggested that some universities in Malaysia were losing students because of their standard of service quality which was not to the expectations of the students (Firdaus, 2006; Jain, Abu, Akhtar, & Sapuan, 2004; Latif, Sungri, & Bahroom, 2009). Overall, the level of service quality at Malaysian universities was reported to be only between moderate to slightly above the moderate level (Hasan, Ilias, Rahman, & Rahman, 2008, Ismail & Abiddin, 2009). As such, the

management team at Malaysian universities face a major challenge in providing visible leadership in ensuring academic staff acceptance on the importance of commitment to service quality (Amatz & Idris, 2011).

Furthermore, Malaysian academic staff were reported to have low satisfaction towards their job facets such as working condition, interpersonal relations, university's policy and administration, possibility of career growth and salary (Hashim & Mahmood, 2011; Mustapha, 2013). According to Amatz and Idris (2011), academic staff's job satisfaction will lead to higher motivation and morale to contribute to the system and their involvement leads to better performance. Teaching and research will not suffice even though that accounts for their main roles and responsibilities of the universities (Ismail & Abiddin, 2009). In producing high quality human resources, a great responsibility is placed on the capabilities of academic staff at Malaysian universities.

According to Ma and Tadarovic (2010), academic staff need to be equipped with good teaching facilities, provided with high quality teaching environment and supported by administrative staff in order for them to deliver high quality services to their students. Furthermore, satisfied academic staff will be more committed to service quality and this is crucial in ensuring the long lasting effects on monetary sustainability of educational organizations and students' future recommendations as places of study to others (Firdaus, 2006; Ismail & Abiddin, 2009). However, there are a number of complaints and grievances conveyed by academic staff about unsatisfied services provided by the AAD. One of the problems regularly encountered is caused by facilities provided that is not functioning properly. Among them are regular photocopy machines break downs, computers and scanners that do not work and these problems take such a long time to be resolved. This causes work

to be completed by the academic staff could not be done immediately and causes work to be delayed. This setback is supported by a senior lecturer in one of the Malaysian public universities. The statements below provide evidence thereof:

.....it happens all the time.....when I want to use the copy machine, it is already jammed with paper or it only works well for a short period of time, then the machine starts to have problems. Most of the time, the machine will not be fixed immediately. You have to wait for a few days. It is very frustrating when this problem happens.

Meanwhile, an Associate Professor of Economics also share a similar view:

Recently, the facilities provided are very disappointing. I've tried to use the scanner. The scanner is there, but I cannot use it because the connectivity is not done correctly so the computer cannot detect the scanner.

Accessibility to facilities that do not satisfy the academic staff have also been reported. An interview with a Corporate Affairs Officer at one of UiTM branch campuses has revealed that a total of 27 complaints were recorded within 6 months period from the month of July 2014 until December 2014. It recorded the highest percentage in the overall record of complaints in that campus.

According to Ahadi and Suandi (2014), academic staff, as the most important employees in Malaysian public universities must also have the support from support staff at all functional departments in public universities. However, there are some evidences showing that the services at the AAD are not satisfying to the academic staff.

Personally, I believe the persons in charge at the AAD need to have more training. They seem to not know about a lot of things. Maybe some of them are still new. But I think something needs to be done to improve the current situation.

Policy makers and management team at Malaysian universities should be paying more attention in evaluating the overall service quality due to its role in meeting customer expectations since this will have an effect on the performance and

sustainability of the institutions. Past studies have supported the importance of fulfilling students' satisfaction through augmentation of service quality and quality academic staff, which would be the key factors in building differentiation strategy and also being able to obtain competitive advantage over others (Taner & Antony, 2006).

Another crucial aspect that should be considered by the AAD is the potential to involve academic staff during service delivery and also create customer communities in "co-production" or "co-creation" to enhance academic staff's service experience (Lu, Geng, & Wang, 2015; Zomerdijk & Voss, 2010). Through the process of learning and knowledge accumulation about services and service providers, customers can contribute to the process of creating favorable service experience (Jaakkola & Alexander, 2014). Service providers should create service environments which provide support for the process of learning and dissemination of service information to their customers (Lu, Geng, & Wang, 2015). However, in this study, the AAD does not provide enough support in the learning process among academic staff in using its services. This issue is supported by a view of a new lecturer at one of the public university in the East Coast of Malaysia:

When I started in the beginning of July 2014, I did not know how to conduct myself particularly when dealing with the AAD. I was not familiar with the department and it was a bit difficult to get certain services. Only with the help of colleagues, I learned how to deal with the service employees at the AAD. Now, after months of being here, I'm more familiar with the services and I can do certain things without the help of the AAD employees. I'm also more confident and happier to carry out duties as a lecturer.

Malaysian universities' management teams have to empower their academic staff to enable them to provide the best customer service possible to meet students' expectations (Awang & Ahmed, 2010). This should resemble the service culture practiced by private enterprises (Emery & Barker, 2007). Academic staff is the most

important service personnel in the universities since they are the key players in delivering services to the universities' customers (Amatz & Idris, 2011). Empowering academic staff can help universities in creating a good service culture (Ahadi & Suandi, 2014).

It is often tempting to consider only consumer experience from profit-oriented organizations. However, it is important to understand the experiences of non-profit oriented organizations as well. Thus, this research attempts to look into customer service experience provided by non-profit oriented organizations specifically Malaysian public universities since there is very limited research in this area (Abd. Rashid, 2008).

The service environment factors and the situational factors that exist during a service encounter between the AAD and academic staff can influence their service experience, which is the main focus of this research. Understanding customer service experience of the front-line personnel (academic staff) and the factors affecting customer service experience is crucial because they will affect the service delivery to the universities' valuable customers. Therefore, the main purpose of this research is to establish the relationship between service environment factors (personal interaction encounter and physical environment encounter) and situational factors (customer involvement, familiarity, perceived market orientation and locus of control) and customer service experience among academic staff in Malaysian public universities and to investigate the moderating influence of self-efficacy on these relationships.

1.6 Research Questions

The motivation to undertake this study is mainly derived from the desire to understand the factors influencing customer service experience in Malaysian public universities setting. Specifically, the current study attempts to address the following research questions:

1. Is there any significant relationship between service environment factors and customer service experience?
2. Is there any significant relationship between situational factors and customer service experience?
3. Does self-efficacy moderate the relationship between service environment factors and customer service experience?
4. Does self-efficacy moderate the relationship between situational factors and customer service experience?

1.7 Research Objectives

The objectives of this study are:

1. To examine the relationship between service environment factors and customer service experience.
2. To investigate the relationship between situational factors and customer service experience.
3. To evaluate the moderating influence of self-efficacy on the relationship between service environment factors and customer service experience.

4. To evaluate the moderating influence of self-efficacy on the relationship between situational factors and customer service experience.

1.8 Significance of the Study

This study would be of value to academicians and practitioners in several ways. Firstly, the present study aims to advance the current literature by examining whether the service environment factors influence the customer service experiences. Despite the newness of the construct, the customer service experience has shown promising evidence in its role as a successful marketing strategy in private companies such as Thomas Nationwide Transport (TNT), Starbucks, and Pizza Hut (Verhoef, Lemon, Parasuraman, Roggeveen, Tsiros, & Schlesinger, 2009) and nonprofit-oriented organizations such as Greenpeace, the Red Cross Society, and Friends of the Earth (Olusanmi, & Laninhun, 2013). Previously, traditional literature focused on customer experiences of the travel, shopping, restaurants, hotels and theatre industries (Garg, Rahman, & Qureshi, 2014). However, this research has included the concept of service experience to a new dimension in the academic area of public universities. Research findings have indicated that Malaysian academic staff have a moderate level of general satisfaction towards their universities (Awang & Ahmed, 2010; Nordin & Jusoff, 2009). One of the problems raised by these academic staff is the lack of conducive academic atmosphere (Nordin & Jusoff, 2009). The present research would try to analyze whether service environment factors in academic setting would influence customer service experience among academic staff.

Secondly, this research contributes to an understanding of how situational factors such as familiarity, customer involvement and locus of control influence customer service experience. Limited empirical research argued that firms might

motivate disinterested consumers or clients into becoming interested in a product or service and ultimately adopting a service or making a purchase. The possibility of highly-involved consumers and consumers who are more familiar with the products or services becoming engaged in greater and more elaborate thoughts about the products or services will also increase (Smith, Miller, Maitner, Crump, Garcia-Marques, & Mackie, 2006). Grewal, Levy, and Kumar (2009) argued that firms already devote considerable time and effort in developing and cultivating favourable attitudes towards their premises, with the ultimate goal of increasing patronage by their customers.

Thirdly, this research would also contribute to the volume of literature by examining the role of self-efficacy as the moderator that influences the relationship between independent variables and customer service experience. The study of this relationship is necessary as the level of competitiveness in business environments increases, thus the development of strategies that will differentiate an organisation from its competitors will become key success factor (Hajipour, Talari, & Shahin 2011). Different levels of customer self-efficacy are expected to have different impacts on the relationship of independent and dependent variables. According to Gist (1989), self-efficacy is a distinct motivational variable as it includes persistence and motivation which can be influenced by situational factors. Gist proposes that individuals with low self-efficacy may be incapable of handling a situation due to their feelings of low self-esteem, motivation, inadequacy or discomfort. Nevertheless, individuals with high self-efficacy will see or perceive the use of AAD services to be user friendly and straightforward due to the effects of self-efficacy on their persistence, degree of effort and the level of learning (Harun, Abdul Kadir, & Mohd Noah, 2014). These individuals will be less resistant to change. Hence, the

beliefs and behavior of academic staff adopting AAD services will be affected by self-efficacy.

Fourthly, this research would contribute to an understanding of how service environment factors and situational factors influence customer service experience in the context of internal service marketing, i.e. how AAD delivers its services to its own staff (customers). Previous studies have mainly focused on external customers (Bagdare & Jain, 2013; Klaus & Maklan, 2012; Lin & Bennett, 2014), where service providers face difficulties in understanding the level of expected service by their customers. However, in this context of study, some of the academic staff have become a part of the management team themselves. It would be much easier for them to identify and introduce appropriate strategies that can increase the level of customer service experience in their departments.

Finally, this research could add advancement to service experience model developed by Sandstrom, Edvardsson, Kristensson, and Magnussen (2008) which has been used as the main theory for this study. Despite a great number of empirical research was done on customer service experience, previous studies have focused only on physical and personal environment of the service encounter (Lin, 2010). Thus, this study adds to the body of knowledge by focusing on the impact of other factors such as familiarity, customer involvement, perceived market orientation, and internal and external locus of control on customer service experience. This research would also provide empirical support for the conceptual framework developed by Sandstrom et al., (2008) pertaining to the physical enablers - individual and situational filters – customer service experience relationships. Based on their suggestion, a person's customer service experience is influenced by physical or technical enablers and individual and situational filters. Specifically, this research

would provide evidence on the independent effects of physical enablers (physical environment encounters and personal interaction encounters) and situational filters (customer involvement, familiarity, perceived market orientation and locus of control) on customer service experience.

1.9 Scope of Study

This study examines the relationship between personal interaction encounters, physical environment encounters, customer involvement, familiarity, perceived market orientation, locus of control, self-efficacy (moderator) and customer service experience. In this study, personal interaction encounters, physical environment encounters, customer involvement, familiarity, perceived market orientation and locus of control is studied as independent (predictor) variables and customer service experience as main dependent (criterion) variable. In addition, the influence of self-efficacy is examined in the relationship between independent variables and customer service experience. For the purpose of this study, customer service experience refers to internal customer service experience among Malaysian public universities' academic staff that have experienced the services at the AAD.

The unit of analysis in this study was individual, which consists of public university's academic staff in Malaysia. Thus, the respondent of this study is public university academic staff that have experienced the services at AAD in their respective universities. The list of public university academic staff provided by the Planning and Research Unit, Ministry of Higher Education is used to draw the respondents for this study.

1.10 Definition of Terms

To explain and clarify meanings, the following terms are explained below as used in context in this research.

Customer Service Experience refers to the whole functional and emotional outcome dimensions of any kind of internal services in an organization. These outcomes usually occur within the individual academic staff who is involved personally on an emotional, physical, intellectual or even spiritual level (Sandstrom et al., 2008) when getting services from AAD.

Service Encounter is defined as the moment of time when a customer interact directly with a service provider (Zeithaml et al., 2013). Based on this definition, service encounter at the AAD encompasses not only dyadic interactions with service employees, but also academic staff interactions with technology, other customers, physical facilities and other elements of the service. Specifically, in this study, service encounter consists of personal interaction encounter and physical interaction encounter.

Personal interaction encounter in this study refers to the duration of time when academic staff communicate and interact with the AAD's service employees. Personal interaction encounter includes attentiveness, professionalism, reliability, responsiveness and customer-to-customer relations (Walls, Wang, Okumus, & Kwun, 2009) provided by the AAD's service employees.

Physical environment encounter is defined as the duration of time in which an academic staff relates and interacts with the infrastructure or physical facilities and other tangible elements in the AAD's service environment (Dzama, 2013). Based on this definition, physical environment encounter in this study consists of all

encounters with the physical aspect of the service such as equipment, design, property upkeep, physical setting and physiological elements.

Customer Involvement in this study refers to the degree of importance of a service for the customers. Based on this definition, customer involvement includes perceived importance of products/ services, perceived risk and value of the products/services (Kalamas, Laroche, & Adelaide, 2002). When academic staff's involvement is high, they are more willing to process information actively and form positive attitudes in continuing long term relationships.

Familiarity refers to the accumulated number of experiences by customers concerning a particular product or service (Alba & Hutchinson, 1987). Familiarity in this context is a specific activity-based awareness based on previous experience or learning of how to use a particular service at the AAD. Academic staff who have high exposure to a stimulus tend to have high levels of familiarity which increases their affective reaction, thus, leading to favorable attitudes.

Perceived Market Orientation in this study is defined as the academic staff's perception on the set of beliefs, behaviours, and cross-functional processes that seriously focus on continuous and comprehensive understanding, disseminating as well as satisfying the current and future needs of the target customers for service excellence (Voon, 2006).

Locus of Control refers to the extent of the individual personality of customers who believe they have the ability to exercise control over their environment (Neill, 2006). Academic staff with a strong internal locus of control are more likely to be engaged, put more effort into their coproduction activities and act with greater self-confidence and autonomy. The idea of control is an important factor for predicting customer motivation and behaviour in a service context (Buettgen, Schumann, & Ates, 2012).

Internal Locus of Control refers to individuals who believe that their behavior is guided by their own personal decisions and efforts (Neill, 2006).

External Locus of Control refers to an individual who believes that their behavior is guided by fate, luck or other external circumstances (Neill, 2006).

Self-Efficacy in this study is defined as the belief in one's ability to undertake and organize oneself on the courses of actions needed to manage prospective situations. Due to different levels of self-efficacies, academic staff with similar capabilities may raise or decrease their motives and efforts for resolving their problems or achieving their goals (Cheng & Chiou, 2010).

Academic Affairs Department (AAD) refers to a department which offers services to its customers mainly academic staff and students. Various services are offered such as providing important data for academic staff (course registration, student registration, student academic status, etc.), development of class timetable for academic staff, developing and enforcing examination rules and procedures, providing infrastructure and facilities for learning and teaching, etc. (UiTM Academic Management Manual for Administrators, 2013).

Academic staff refers to lecturers and tutors. Lecturers are university staff who deliver lectures professionally to students and others. Lecturers are members of a faculty of a college or university. They usually have academic and professional qualifications without any rank or tenure. They also have research obligations. However, a tutor is an academician who oversees or supervises the work of individual students based on the lecturers' feedback (UiTM Academic Management Manual for Administrators, 2013).

1.11 Organization of Chapters

This research comprises of six chapters. The first chapter gives an overview of background of the study, problem statement, research questions, and research objectives, significance of the study, the scope of the study and definition of key terms.

The second chapter presents the literature review which is divided into ten sections:, 1) marketing and changes in the marketing environment; 2) customer experience and customer service experience; 3) personal interaction encounters; 4) physical environment encounters; 5) customer involvement; 6) perceived market orientation; 7) familiarity; 8) internal locus of control; 9) external locus of control; and 10) self-efficacy.

The third chapter presents all the relevant theories explained on the basis of studies. Hence, the conceptual framework hypotheses give the reasons why the framework was chosen for the study.

The fourth chapter discusses the research methodology and statistical analysis used to test the hypotheses in this research. Discussion focuses upon the research design, target population and sampling size, sampling design, data collection procedures, questionnaire design, research instrument, control variables and statistical techniques used in analyzing the data. The fifth chapter deals with the outcomes and statistical data of the research. This includes the findings, which answer the questions and objectives mentioned earlier.

Finally, the sixth chapter includes a discussion of overall findings as well as their implications for theory and practice. This final chapter also discusses the limitations of this research and future research directions.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The origin and definition of consumer experience, service encounters, specifically service environment factors (personal interaction encounters and physical environment encounters) and situational factors (customer involvement, familiarity, perceived customer market orientation and locus of control) are reviewed in this chapter through readings of current literature. Next, the chapter continues with an explanation on the relationship between variables that are shown in the conceptual framework. This chapter also discusses the development of hypotheses and, finally, it explains the theoretical underpinnings of this research.

2.2 Changes in Marketing Environment and Marketing Strategies

Core marketing principles that encompass principles, concepts and methodologies have been embraced by marketing personnel such as directors, brand managers, practitioners, academicians and consultants throughout the twenty-first century (Lefebvre, 2012). Kotler and Armstrong (2013) defined marketing as a “social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and values with others” (p.13). The “four P’s” that is product, price, promotion and place are the core marketing concepts of traditional marketing strategies which are used to explain a product’s nature and develop new products and product lines, brands, mold consumer behavior, design communications and respond to competitive activities in market competition (Kotler et al., 2013).

According to Schmitt (1999), up until the mid-70s traditional characteristics of marketing encompassed a narrow definition of product categories and competition, which include functional features and benefits of the consumer, product and competition and the notion that customers are rational decision-makers. Li and Petrick (2007) in their research on tourism marketing state that the traditional method of marketing is based on a provider-based, goods-centered and transaction-oriented perspective. Schmitt (1999) believes this focus includes objective setting, target audience selection, market segmentation and strategic planning.

However, Schmitt (1999) concludes that the traditional method has some flaws since it fails to see the consumer as a psychological creature and this inadequacy has resulted in a lack of focus on true consumer needs, inadequate positioning statements and poorly implemented strategies. Bojanic (2007) raises the question whether the traditional marketing mix can sufficiently meet the requirements of the marketing concept, especially in the service sector. Hirschman and Holbrook (1982) stated that traditional research has measured semantic rather than emotive and imaginative reactions to products and services. Parasuraman et al., (1985) are of the view that this is especially true of the service sector, where four well-known characteristics of services include intangibility, heterogeneity, perishability and inseparability.

The World Trade Organization (WTO) (2007) concludes that the service sector is one of the most rapidly growing sectors in the world economy, which can be partly attributed to a number of events that occurred in the 1980s. Kotler et al., (2013) believe that the rise in the number of two-income families has placed an escalating value on their time which has resulted in more discretionary income for them. Another factor included the increasing number of middle-aged single persons